

MAGELLAN
STATEMENT OF FINANCIAL POSITION
AS OF: December 31, 2007

ASSETS

CURRENT ASSETS

101 Cash (Disclose on Schedule A)	\$69,113,988
102 Current Investments	-
103 Accounts Receivable (net) (Disclose on Schedule A)	\$9,220,854
104 Notes Receivable (current portion)	-
105 Prepaid Expenses	2,808,858
106 Other Current Assets (Disclose on Schedule A)	\$1,025,443
107 Total Current Assets	<u>\$82,169,143</u>

NON-CURRENT ASSETS

108 Land	-
109 Building	-
110 Leasehold Improvements	3,605,729
111 Furniture and Equipment	8,839,567
112 Vehicles	-
113 Total Property and Equipment	<u>\$12,445,296</u>
114 Less: Accumulated Depreciation	2,246,032
115 Net Property and Equipment	<u>\$10,199,264</u>
116 Notes Receivable (net of current portion)	-
117 Performance Bond (Disclose on Schedule A)	-
118 Long Term Investments	-
119 Deposits	-
120 Other Noncurrent Assets (Disclose on Schedule A)	\$430,185
121 Total Noncurrent Assets	<u>\$10,629,449</u>

122 TOTAL ASSETS	<u><u>\$92,798,592</u></u>
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LIABILITIES AND NET ASSETS/EQUITY

CURRENT LIABILITIES

201 Incurred But Not Reported Claims (Disclose on Sch. A)	\$11,595,080
202 Reported But Unpaid Claims	2,848,720
203 Payable to ADHS (Disclose on Schedule A)	\$4,223,514
204 Other Amounts Payable to Providers	8,494,347
205 Trade Accounts Payable	2,348,429
206 Accrued Salaries and Benefits	-
207 Long-term Debt (current portion)	-
208 Deferred Revenue (Disclose on Schedule A)	\$1,380,000
209 Risk Pool Payable	-
210 Other Current Liabilities (Disclose on Schedule A)	\$16,478,122
211 Total Current Liabilities	<u>\$47,368,212</u>

NON-CURRENT LIABILITIES

212 Long-term debt (net of current portion)	-
213 Loss Contingencies (Disclosed on Schedule A)	\$0
214 Other Noncurrent Liabilities (Disclose on Schedule A)	\$1,853,829
215 Total Noncurrent Liabilities	<u>\$1,853,829</u>

216 TOTAL LIABILITIES	<u>\$49,222,041</u>
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217 NET ASSETS/EQUITY

Unrestricted Net Assets	43,576,551
Restricted Net Assets (Disclose on Schedule A)	\$0

218 TOTAL LIABILITIES AND NET ASSETS/EQUITY	<u><u>\$92,798,592</u></u>
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\$0

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AS OF: December 31, 2007

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\$0

MAGELLAN

STATEMENT OF CHANGES IN NET ASSETS / EQUITY

AS OF : December 31, 2007

				Net Assets /	
		Initial Capital	Additional Capital	Retained Earnings	Total
Beginning Balance:	July 1, 2007	-	-	-	-
* Net Surplus / Net Earning for the period ended:	December 31, 2007	-	50,000,100	(6,423,549)	43,576,551
Dividends Declared			-	-	-
** Prior Period Adjustments		-	-	-	-
Ending Balance:	December 31, 2007			-	-
		\$ -	\$ 50,000,100	\$ (6,423,549)	\$ 43,576,551

* Net of dividends declared

** Disclosure of Prior Period Adjustments

STATEMENT OF ACTIVITIES		STATEMENT OF ACTIVITIES																				PROGRAM ADMIN & MGMT/GEN		TOTAL		
YEAR TO DATE AS OF:		December 31, 2027																								
*DISCLOSE ON SCHEDULE A																										
		TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	SSDI - TMC	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL				
REVENUES																										
401	Revenue Under ADHS Contract																									
a	ADHS Revenue	30,926,808	15,477,413	2,151,820	2,282,849	2,696,719	0	76,118,446	2,235,280	27,147,049	479,493	100,495	0	27,878,245	465,512	772,023	7,518,129	1,991,120	15,900	665,000	0	198,922,302	0	198,922,302		
b	ADHS Revenue - Qualifying Incentive Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
402	Specialty & Other Grants*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
403	Client Fees (Co-pays)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
404	Third Party Recoveries																									
a	Medicare	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
b	Other Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
405	Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
406	Other Funding Sources - Non ADHS*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
407	Unrelated Business Activities*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
408	TOTAL REVENUE	30,926,808	15,477,413	2,151,820	2,282,849	2,696,719	0	76,118,446	2,235,280	27,147,049	479,493	100,495	0	27,878,245	465,512	772,023	7,518,129	1,991,120	15,900	665,000	0	198,922,302	699,270	199,621,572		
EXPENSES																										
Service Expenses:																										
501	Treatment Services																									
a	Counseling																									
1	Counseling, Individual	1,511,697	1,539,990	62,031	140,508	177,088	0	1,649,512	33,182	730,203	195,927	5,171	0	1,152,623	23,551	84,666	233,871	0	0	0	0	7,540,020	0	7,540,020		
2	Counseling, Family	2,694,961	1,434,898	184,363	199,509	408,392	0	195,544	8,217	108,174	0	1,906	0	105,742	2,389	12,129	15,584	0	0	0	0	5,371,808	0	5,371,808		
3	Counseling, Group	259,976	173,948	6,628	21,402	39,348	0	561,106	7,210	204,254	0	6,744	0	1,908,595	11,356	89,382	1,286,253	0	0	0	0	4,576,201	0	4,576,201		
b	Consultation, Assessment & Specialized Testing	2,404,239	614,984	180,183	94,811	340,195	0	547,661	21,136	269,703	0	7,286	0	1,835,592	28,094	118,523	514,673	0	0	0	0	6,977,080	0	6,977,080		
c	Other Professional	33,193	10,093	0	571	1,150	0	12	0	6,565	0	0	0	0	0	126,981	250,242	0	0	0	0	428,808	0	428,808		
d	Total Treatment Services	6,904,067	3,773,914	433,205	456,802	966,174	0	2,953,834	69,745	1,318,899	195,927	21,107	0	5,002,551	65,391	431,681	2,300,622	0	0	0	0	24,893,917	0	24,893,917		
502	Rehabilitation Services																									
a	Living Skills Training	3,169,402	2,221,723	303,418	357,961	264,167	0	3,417,319	178,945	939,022	28,445	461	0	234,532	2,763	9,351	20,539	0	0	0	0	11,148,049	0	11,148,049		
b	Cognitive Rehabilitation	700	0	269	0	0	0	547	208	0	0	0	0	0	0	0	0	0	0	0	0	1,725	0	1,725		
c	Health Promotion	24,186	6,246	1,252	815	2,374	0	283,263	26,539	102,713	4,941	22	0	42,168	735	1,808	7,903	0	0	0	0	504,964	0	504,964		
d	Supported Employment Services	16,491	1,310	367	12,501	84	0	2,282,057	346,713	747,364	19,844	3,683	0	310,285	20	7,360	11,811	0	0	0	0	3,759,890	0	3,759,890		
e	Total Rehabilitation Services	3,210,780	2,229,278	305,306	371,277	266,625	0	5,983,187	552,405	1,789,099	53,230	4,166	0	586,986	3,518	18,519	40,253	0	0	0	0	15,414,628	0	15,414,628		
503	Medical Services																									
a	Medication Services	392	0	10	71	883	0	184,283	4,832	26,888	9,919	1,161	0	1,004,489	3,583	13,043	695,039	0	0	0	0	1,944,593	0	1,944,593		
b	Medical Management	1,417,013	368,409	197,275	82,218	212,145	0	1,934,137	111,083	966,166	0	9,655	0	1,075,062	22,097	62,251	94,045	0	0	0	0	6,551,555	0	6,551,555		
c	Laboratory, Radiology & Medical Imagin	51,343	16,814	7,844	1,322	7,466	0	267,018	19,261	142,263	0	1,015	0	115,786	1,323	12,650	30,800	0	0	0	0	674,906	0	674,906		
d	Electro-Convulsive Therapy	0	0	0	0	0	0	41,572	0	20,351	0	0	0	7,965	0	0	0	0	0	0	0	69,889	0	69,889		
e	Total Medical Services	1,468,747	385,223	205,128	83,611	220,494	0	2,427,010	135,177	1,155,667	9,919	11,830	0	2,203,302	27,003	87,945	819,885	0	0	0	0	9,240,943	0	9,240,943		
504	Support Services																									
a	Case Management	75,637	91,004	8,318	6,967	3,339	0	26,747,192	681,832	10,015,192	635	38,953	0	1,820,213	33,822	617,653	0	0	0	0	0	40,140,758	0	40,140,758		
b	Personal Assistance	343,525	276,818	151,308	35,447	27,457	0	7,056,550	159,798	1,525,101	0	0	0	264,796	1,525,101	177	73	0	0	0	0	9,841,058	0	9,841,058		
c	Family Support	1,784,757	724,460	215,700	81,959	128,439	0	11,812	193	2,646	0	0	0	7,349	0	491	861	0	0	0	0	2,958,666	0	2,958,666		
d	Peer Support	133,205	223,327	26,271	10,864	9,858	0	1,287,308	68,801	419,944	0	318	0	424,849	1,836	13,662	424,719	0	0	0	0	3,044,061	0	3,044,061		
e	Therapeutic Foster Care Services	2,489,198	1,368,172	237,038	24,382	0	0	205,351	0	31,764	0	0	0	61,057	0	11,468	0	0	0	0	0	4,428,430	0	4,428,430		
f	Respite Care	770,996	409,354	75,664	16,725	46,290	0	601	0	0	0	0	0	546	0	0	0	0	0	0	0	1,320,185	0	1,320,185		
g	Housing Support	0	0	0	0	0	0	0	0	1,859,109	0	0	0	0	0	0	0	0	0	0	0	1,859,109	0	1,859,109		
h	Interpreter Services	0	0	0	123,598	0	0	0	0	35,118	0	0	0	0	0	35,794	9,790	0	0	0	0	204,300	0	204,300		
i	Flex Fund Services	0	0	0	0	0	0	0	0	150,719	0	0	0	0	0	0	0	0	0	0	0	150,719	0	150,719		
j	Transportation	6,237	3,428	594	0	328	0	1,045,024	36,789	255,610	92	27	0	46,874	70	4,750	0	0	0	0	0	1,399,822	0	1,399,822		
k	Block Purchase NTXIX Consumer Drop In Cente	0	0	0	0	0	0	448,619	0	119,646	0	0	0	0	21,672	0	665	0	0	0	0	590,602	0	590,602		
l	Total Support Services	5,603,553	3,096,564	714,892	299,942	215,711	0	36,802,456	947,412	14,413,950	727	39,298	0	2,647,356	35,744	683,995	436,108	0	0	0	0	65,937,710	0	65,937,710		
505	Crisis Intervention Services																									
a	Crisis Intervention - Mobile	736,628	391,974	76,797	147,918	75,291	0	1,201,340	105,501	322,798	0	2,703	0	694,982	49,940	899,878	0	0	0	0	0	4,705,749	0	4,705,749		
b	Crisis Services	145,654	85,631	7,231	5,826	18,201	0	1,229,810	25,149	345,235	0	2,187	0	1,696,714	37,164	424,974	0	0	0	0	0	4,023,775	0	4,023,775		
c	Crisis Phones	4,773	9,960	443	111	253	0	1,914,413	22,329	552,359	21,811	1,549	0	78,690	14,720	39,448	0	0	0	0	0	2,660,860	0	2,660,860		
d	Total Crisis Intervention Services	887,055	487,564	84,471	153,854	93,744	0	4,345,563	152,979	1,220,393	21,811	6,440	0	2,470,387	101,824	1,364,300	0	0	0	0	0	11,390,384	0	11,390,384		
506	Inpatient Services																									
a	Hospital																									
1	Psychiatric (Provider Types 02 & 71	662,672	364,234	63,104	90,090	63,611	0	5,856,760	206,179	2,010,847	0	0	0	2,591,075	2,530	3,681,185	0	0	0	0	0	15,592,287	0	15,592,287		

*DISCLOSE ON SCHEDULE A

		TXIX CHILD	TXIX CMDP	TXIX DD CHILD	NTXIX/XXI CHILD	TXXI CHILD	HB2003 CHILD	TXIX SMI	TXIX DD ADULT	NTXIX/XXI SMI	HIFA II SMI	TXXI ADULT	SSDI - TMC	TXIX GMHSA	HIFA II GMH	MENTAL HEALTH	SUBSTANCE ABUSE	PREVENTION INTERVENTION	PASRR	ADHS DOC	OTHER	SUB TOTAL	PROGRAM ADMIN & MGMT/GEN	TOTAL
Administrative Expenses:																								
601	Salaries	681,159	374,387	62,271	44,714	67,452	0	1,889,241	66,320	786,291	7,316	2,160	0	610,046	10,947	183,030	121,660	44,583	0	10,293	0	4,961,869	0	4,961,869
602	Employee Benefits	272,628	149,845	24,923	17,896	26,997	0	756,153	26,544	314,707	2,928	865	0	244,166	4,381	73,256	48,693	17,844	0	4,120	0	1,985,948	0	1,985,948
603	Professional & Outside Services	154,553	84,947	14,129	10,145	15,305	0	428,663	15,048	178,407	1,660	490	0	138,418	2,484	41,529	27,604	10,116	0	2,335	0	1,125,833	0	1,125,833
604	Travel	61,189	33,632	5,594	4,017	6,059	0	169,712	5,958	70,633	657	194	0	54,801	983	16,442	10,929	4,005	0	925	0	445,729	0	445,729
605	Occupancy	54,378	29,888	4,971	3,570	5,365	0	150,822	5,294	62,771	584	172	0	46,701	874	14,612	9,712	3,559	0	822	0	396,117	0	396,117
606	Depreciation	42,755	23,499	3,909	2,907	4,234	0	118,583	4,163	49,354	459	136	0	38,291	687	11,488	7,636	2,798	0	646	0	311,445	0	311,445
607	All Other Operating*	1,014,728	557,728	92,765	66,610	100,484	0	2,814,416	98,798	1,171,344	10,899	3,218	0	908,791	16,307	272,662	181,237	66,415	0	15,333	0	7,391,735	125,000	7,516,735
608	Subtotal ADHS Administrative Expenses	2,281,391	1,253,927	208,563	149,758	225,915	0	6,327,591	222,124	2,633,507	24,505	7,235	0	2,043,214	36,664	613,019	407,472	149,319	0	34,473	0	16,618,676	125,000	16,743,676
650	Non ADHS Administrative Expenses*	550,899	302,798	52,460	0	49,889	0	1,400,250	49,294	0	10,252	3,027	0	515,748	8,612	0	0	0	0	0	0	2,943,229	3,232	2,946,461
651	Unrelated Admin. Expense*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
652	Subtotal Administrative Expense	2,832,290	1,556,725	261,023	149,758	275,804	0	7,727,841	271,418	2,633,507	34,757	10,262	0	2,558,962	45,276	613,019	407,472	149,319	0	34,473	0	19,561,905	128,232	19,690,137
701	Unrelated Business Expenses*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
790	Income Tax Provisions																							
a	ADHS Income Tax Provision	1,018,691	(78,415)	(190,357)	172,928	(52,647)	0	(1,228,337)	(226,431)	(2,413,641)	72,762	4,245	0	987,964	3,148	(2,889,879)	1,018,952	52,796	0	98,356	0	(3,649,866)	0	(3,649,866)
b	Non ADHS Income Tax Provision	(231,201)	(127,078)	(22,017)	0	(20,938)	0	(587,657)	(20,688)	0	(4,303)	(1,270)	0	(216,449)	(3,614)	0	0	0	0	0	0	(1,235,214)	239,653	(995,561)
799	Subtotal Income Tax Provision	787,489	(205,493)	(212,374)	172,928	(73,585)	0	(1,815,994)	(247,119)	(2,413,641)	68,459	2,974	0	771,515	(466)	(2,889,879)	1,018,952	52,796	0	98,356	0	(4,885,080)	239,653	(4,645,427)
800	TOTAL EXPENSES	29,837,893	15,761,562	2,445,483	2,043,730	2,798,469	0	78,629,544	2,576,988	30,484,554	384,830	96,382	0	26,811,420	466,156	4,768,054	6,109,156	1,918,115	15,900	528,896	0	205,677,236	367,885	206,045,121
801	INC(DEC) IN NET ASSETS/EQUITY	1,088,915	(284,149)	(293,863)	239,119	(101,750)	0	(2,511,098)	(341,708)	(3,337,505)	94,683	4,113	0	1,066,825	(644)	(3,996,031)	1,408,973	73,005	0	136,004	0	(6,754,934)	331,385	(6,423,549)

MAGELLAN
STATEMENT OF CASH FLOWS
YEAR TO DATE FOR PERIOD ENDED:

December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in Net Assets	(6,423,549)
Adjustments to Reconcile Excess of Revenue Over/(Under) Expenses to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	2,246,032
Changes in Operating Assets and Liabilities	
(Increases)/Decreases in Assets:	
Current Investments	-
Receivables	(9,220,854)
Inventory & Prepaid Expenses	(2,808,858)
Interest Receivable	-
Deposits	(430,185)
Other	(1,025,443)
Increases/(Decreases) in Liabilities:	
IBNR	11,595,080
RBUK	2,848,720
Accounts Payable to ADHS	4,223,514
Accounts Payable to Providers	8,494,347
Interest Payable	-
Trade Accounts Payable	2,348,429
Accrued Salaries & Benefits	-
Other Current Liabilities	19,711,950

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	31,559,184
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sale of Property & Equipment	-
Purchases of Property & Equipment	(12,445,296)
Proceeds from Sales of Investments	-
Purchase of Investments	-

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(12,445,296)
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CASH FLOWS FROM FINANCING ACTIVITIES:

Acquisition of Debt (Describe on Schedule A)	-
Payment of Lease Obligations	-
Payment of Other Debts (Describe on Schedule A)	-
Additional Paid-In Capital from Parent Company	50,000,000
Common Stock	100

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	50,000,100
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NET INCREASE/(DECREASE) IN CASH	69,113,988
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BEGINNING CASH	-
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ENDING CASH BALANCE *	69,113,988
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***NOTE: ENDING CASH BALANCE MUST AGREE WITH TOTAL CASH BALANCE ON BALANCE SHEET**

MAGELLAN

STATEMENT OF CASH FLOWS

YEAR TO DATE FOR PERIOD ENDED: December 31, 2007

Schedule A Disclosure

Describe:

1. Sources and amounts of cash received for other grants.

2. Underlying transactions for acquisition of debt.
(Debtor, amount, purpose of loan, term, interest rate of debt acquired during the quarter.)

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3. Underlying transactions for retirement of debt.
(Debtor, amount paid off.)

4. Cash Flows From Financing Activities - Payment of Other Debt

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5. Supplemental data or non-cash investing and financing activities, gifts, etc.